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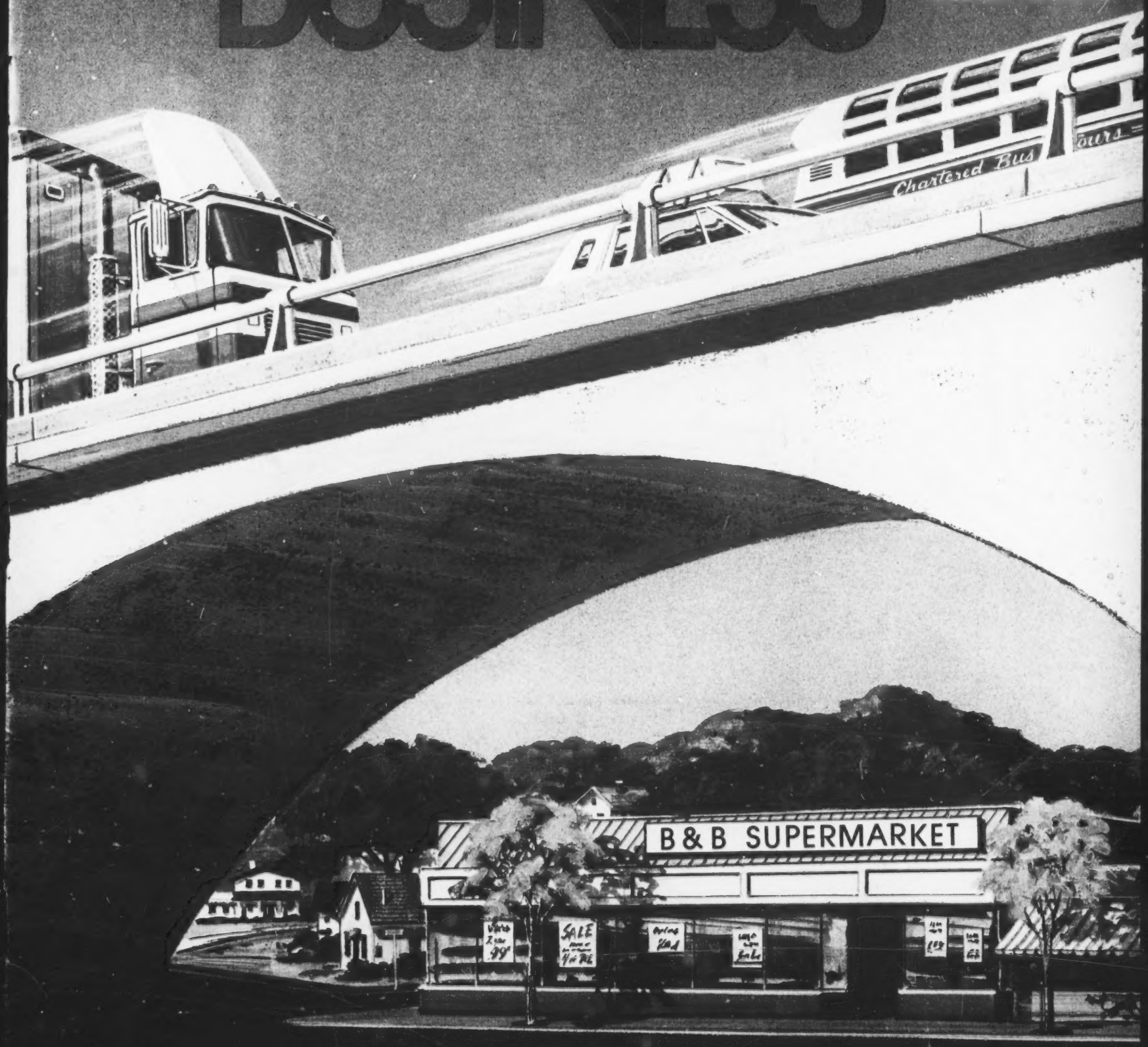

Is the Superhighway Making the Conventional Supermarket Obsolete?

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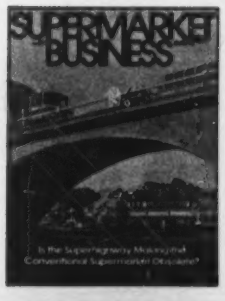

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IS THE SUPERHIGHWAY MAKING THE CONVENTIONAL SUPERMARKET OBSOLETE?
As superhighway systems make travel between bigger distances easier, the traditional trading areas for stores have begun to overlap, and powerful new stores are drawing from larger areas than before. Density of population may be the key to many kinds of retailing success, but for many others it is now determined by access to a major highway.

PAGE 26

CUB'S IN INDIANAPOLIS AND COMPETITION BEARS DOWN ON PRICES
Retailers in Indianapolis aren't taking the new Cub competition peacefully. In fact, the area's never seen anything like what's happening now, with raging prices wars that might end up with more than a few casualties.

PAGE 35

NONFOODS BUSINESS GIVING COSMETICS MORE THAN LIP SERVICE
Retailers in many areas are approaching cosmetics—a growing category—with a little more respect. They've given the section a department-store ambience, hoping to lure higher-ticket items and discriminating customers.

PAGE 42

THERE'S SOMETHING ABOUT A LITTLE NIBBLE
Byerly's threw its customers a little party—an offbeat Sample Fest—and just about everybody came, to have fun, to taste, mingle and in the end . . . buy.

PAGE 21

FOOD BROKERS FACE NEW CHALLENGES
Technological advances, and moves into new kinds of business, are old and new news for brokers. So are the snarly issues of escalating trade allowances and diverting.

PAGE 30

CIGARETTE MERCHANDISING A SOFT SALES YEAR BEGETS EXPERIMENTATION
Although sales are down a bit because of high prices, cigarettes are still selling. The big question nowadays: what's the best way to display the increasingly popular single packs.

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TRADESCAN

Report on Retailing for 80s Examines Market Strategies

NEW YORK—If retailers in all areas of trade—including the grocery business—are to thrive, or at least survive, in the upcoming years, they will have to adapt to the various marketing changes that will be taking place.

This is the message of "Retailing for the 1980s," Dun & Bradstreet's strategical and financial analysis of 13 retail industries, including drug and proprietary stores, department stores, consumer electronics and the auto aftermarket. In addition, the survey contains an analysis of 11,468 privately and publicly held retailers in the grocery industry.

Included for all retail areas are: an investigation of key issues facing retailing in the 80s; the outlook for various types of retail outlets; emerging merchandise trends; external factors affecting retailing; financial analyses and forecasts for the future.

There is a lot of information on the financial state of the grocery business vis-à-vis other retail areas. Of the 13 retail industries considered, grocery stores have the lowest median gross profit (19.0 percent) and the lowest median net profit (2.2 percent). Retail averages for these two categories are 32.5 percent and five percent, respectively.

Grocery stores registered the highest sales to inventory (17.8 times) and the highest gain in working capital from 1981 to 1982, with an increase of 7.0 percent. In this latter category, total retail registered a decline of 6.8 percent.

For the years 1983-1986, for those grocery retailers who adapt successfully to the needs of the future (for example, the much-discussed trend toward consumer segmentation, larger stores with more services), the study forecasts a constant annual increase of four percent in sales in millions of dollars. By 1986, annual grocery retail sales are expected to surpass $178.4 billion. ■

SALES FORECAST FOR GROCERY STORES, 1983–1986

YEAR	SALES (IN $MILLIONS)	% CHANGE OVER PREVIOUS YEAR
1977	$ 87,600	—
1978	104,498	19%
1979	119,583	14
1980	133,280	11
1981	144,542	8
1982	152,850	6
1983	158,833	4
1984	164,482	4
1985	170,994	4
1986	178,440	4

Retailers Win Nutrition Awards

WASHINGTON, D.C.—In October, *Family Circle* and FMI announced the winners of the fifth biennial Gold Leaf Awards for outstanding nutrition education materials. Supermarkets, food product manufacturers and associations submitted entries in either of the Awards' two divisions—the recently added community and public information category or the original classroom education category—or in a combination of the two.

Retailers took four of the five awards in the adult education category. These supermarket winners were: Star Market Co. (Cambridge, Mass.), Jewel Food Stores (Melrose Park, Ill.), Giant Food, Inc. (Landover, Md.) and City Market, Inc. (Grand Junction, Col.).

Star Market's entry was a booklet entitled, "Nutrition Guide for Sodium in Foods." Jewel Food Stores submitted a series of fact sheets (part of an annual four-week Nutrition Awareness Program) and a booklet, "Keep Fit: A Senior's Guide to Good Nutrition from Jewel." Giant also offered a guide for senior citizens, "Shopping Sense for Seniors, A guide to Thrifty and Wholesome Eating." City Markets' entry consisted of "Nutri-Wise" slides, recipes, pamphlets and letters.

The only non-retail winner in the community and public information category was Lipton, Inc.

The classroom education category's three winners were the Pillsbury Co., Cheesborough, Ponds, Inc. and Fleishmann's Yeast.

The Gold Leaf Awards were established in 1973 as an outgrowth of the White House Conference on Food, Nutrition and Health. ■

Bulk Guidelines Ready Soon

WASHINGTON, D.C.—Bulk foods have boomed over the past year, without the benefit of a standard nationwide policy for their handling and selling. But an end is finally in sight to the confusion over retailing guidelines. By January, the FDA's final draft of its bulk food handling guidelines will be available to retailers.

The guidelines, which could make handling of bulk food products uniform across the country, will supplement the model food sanitation codes developed in June, 1982.

As a supplement to these codes, however, the guidelines are subject to acceptance or rejection—and to the addition of further guidelines—by local, county and state health agencies. Already several states, including Massachusetts, Connecticut, California and Texas, have initiated their own bulk foods retailing regulations. These regional regulations could result in over-regulation and a fragmentation of the FDA's attempt at uniformity.

The FDA's guidelines were formulated in response to three areas of concern: the possibilities of the spread of communicable disease, the outbreak of food-borne illness and the contamination of the food itself, whether intentional or unintentional.

The guidelines target nine areas of supermarket management responsibility for controlling bulk food merchandising. Included are: inventory control and rotation; frequency of cleaning and sanitizing; product identification; customer instruction and assistance and take-home containers.

Also covered are two particularly problematic areas. "Grazing," or unauthorized product sampling, can be controlled in most cases by a combination of store employee-customer interaction and the judicious use of signs within the bulk foods section. Both can be an effective means of educating and discouraging would-be grazers.

Returned merchandise constitutes another sticky area. The FDA guidelines recommend that bulk foods that are returned, for whatever reason, be either destroyed or returned to the manufacturer.

Despite all the problems inherent in bulk retailing, it is a growing and profitable part of the supermarket business. Adherence to guidelines such as the FDA's can help minimize many of these problems. ■

For Meat Industry, Automation Is the Key

CLEVELAND, Ohio—In the meat industry, as in most others, automation holds the key to the present and the future.

This was the theme of an address given in October to the American Meat Institute by Richard H. Wegener, a food-plant specialist with 35 years' consulting experience. Wegener focused his speech on the meat plant of the future, which he predicted would combine an increased use of technology and a reassessment of current practices and regulations to eliminate a number of chronic industry problems.

A point of particular concern is in-plant sanitation standards, one area in which government regulation could be stronger. Wegener cites the stringent standards currently enforced in the drug and cosmetic industries as possible prototypes for the meat industry.

Increased use of technological advances could provide the answer to much of the sanitation problem, through the use of the so-called clean-in-place (CIP) systems, such as are used in the dairy industry. A CIP system would make possible the sanitizing of an entire meat plant with practically no labor expended.

In other areas, too, updating the meat plant will often be simply a question of applying already-existing technology to a new area, for example, the use of lasers for cutting meat.

While a few individual meat companies have kept up with the latest technological advances, Wegener believes that the industry as a whole has lagged behind other industries technologically.

Increased use of technology in future meat plants, however, will serve to shorten their lifespan. While existing plants have a life expectancy of 50 to 60 years, the automated plant of the 21st century will, due to technological obsolescence, have an average life of approximately 20 years. Outdated plants could be recycled for other uses, in which sanitation is not so important a consideration.

Wegener also called for less government regulation in various areas of meat plant operations, claiming that this has, to a degree, prohibited the industry from fulfilling its potential. "Many plants today," he said, "are designed and constructed chiefly to satisfy federal regulatory requirements with little consideration given to reducing labor utilization, improving production flow or lowering operating costs." For supermarket operators, Wegener predicts three major areas where these and related changes in the operation of meat plants will have an impact:

(1) more uniform and readily enforced quality standards;

(2) meat cutting, preparing and packaging achieved with greater efficiency and

(3) long-term price stability. ■

CORRECTIONS

A picture of Weldotron's System 5005 wrapper was erroneously placed next to the description of Amerind-MacKissic's electric power shredder for Mighty Mac shredder-chippers. (New Equipment, Nov., p. 57)

In an article on Tobacco in September SUPERMARKET BUSINESS, p. 127, mention was made of Newport brand cigarette. As loyal Newport smokers know, Lorillard is the manufacturer of Newport.

SAMI UPDATE: HBA Volume Still Strong Into The Fall

In the latest reporting period, national unit volume for all HBA items tracked by SAMI was ahead 4.3 percent compared to the same period a year ago. This is an improvement over the reporting period that ended Sept. 16, when volume was 2.5 percent, but it trailed slightly the 4.5 percent gain registered in the four-week period that ended Aug. 19.

So far this year, there are 33 categories that have increased unit movement, 14 with decreases and two with sales equal to a year ago.

All but one of the eight HBA product groups monitored by SAMI showed growth. Shaving needs had a very slight decline—less than one percent.

In the individual categories, two had four-week, double-digit losses: infant clothes, with a 12.4 percent decline; and proprietary tranquilizers, a low-volume category, with a decline of 13.2 percent. The highest four-week rates of gain were seen in lip care products (+ 35.3 percent), eye care products (+ 30.2 percent), hair setting needs (+ 22.8 percent), shaving creams (+ 19.9 percent) and stick deodorants and pads (+ 19.5 percent). In each of these categories, the current four-week increase is higher than the percentage growth for the most recent 12 weeks or year. In each instance, it represents the continuation of a long-term and consistent growth trend.

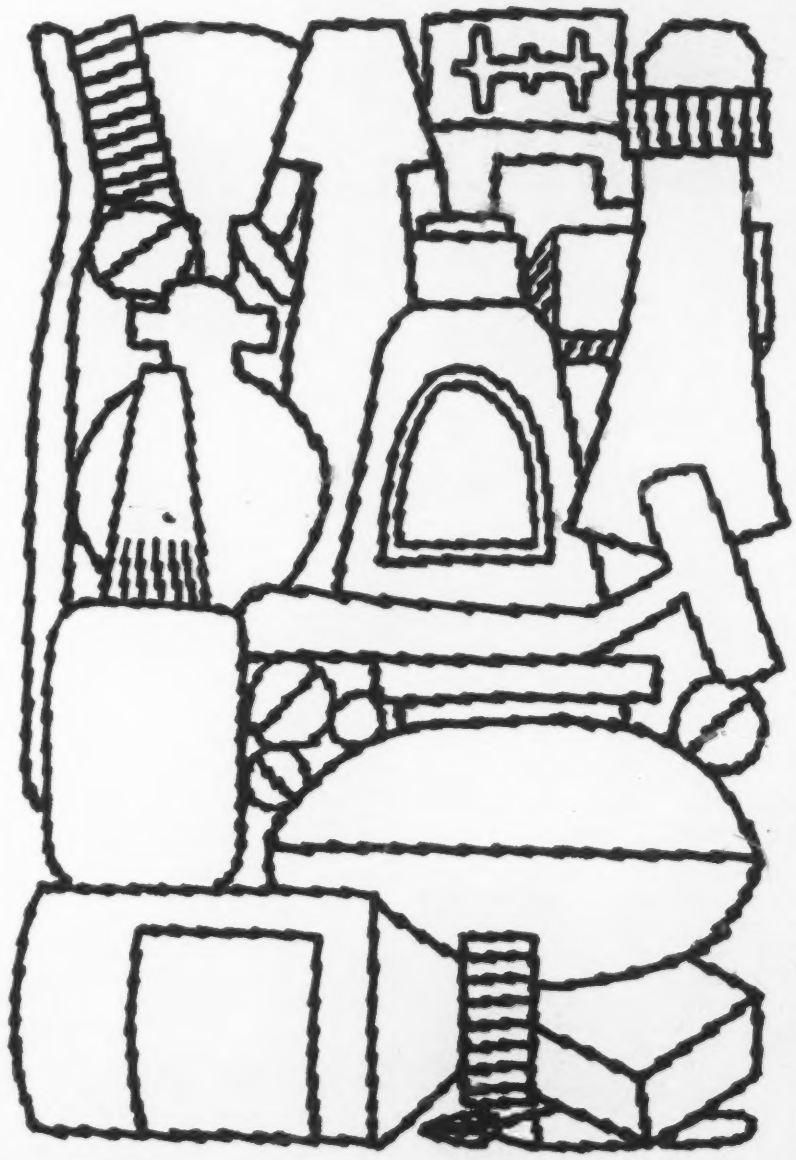
Babies arise

Three of the four baby needs categories measured by SAMI showed gains in the October period. The only decline here was in infant clothes, with a loss of 12.4 percent. The baby powders category, which showed losses both on a 12- and 52-week basis, was marginally in the black for the most recent four weeks, with a gain of 0.8 percent. There were increases of more than five percent for baby oils, creams and lotions and also for nursing supplies.

Although three of the eight deodorant categories had volume declines for this period, they occurred in the low-volume categories of cream deodorants (–1.4 percent), deodorants and talcum powders (–0.9 percent) and feminine hygiene deodorants (–9.8 percent). Within this product group, the highest rates of gain were for sticks (+ 19.5 percent), roll-ons (+ 9.2 percent) and foot deodorants/athlete's foot remedies (+ 14.6 percent). Spray deodorants continue to show unit volume increases but now rank second to sticks in unit volume. A year ago, sprays were on top, followed by sticks and roll-ons. Feminine douches, the newest SAMI category in this product group, had an increase of 8.5 percent in four-week unit sales, as opposed to a gain of only 3.2 percent on an annual basis.

Continuing onward and upward are the two first-aid categories. Antiseptics were ahead 14.7 percent and first aid products showed a four-week gain of 9.1 percent. Roll-outs for Neosporin and Cortisone 5 provided new volume in the antiseptics category.

Sales have continued to be good for HBA products this year. In the most recent reporting period highest rates of gain were seen in skin care aids.



Among the seven product categories in the hair care needs product group, there was only one with a four-week decline in unit movement—hair conditioning rinses, off 4.6 percent, with a 5.0 percent loss on an annual basis. Shampoo showed a gain of 3.7 percent, helped by volume from such new brands as Finesse, Sassoon D, Mink Difference and Naturals. In the hair spray category, there was an increase of 8.4 percent. A new entry from Silkience here expanded the category volume.

Each of the six products in the oral hygiene product group showed increased volume, except for mouthwash, where there was a minimal decline of 0.4 percent. The highest rate of gain was in the smallest category—breath fresheners, with an + 11.2 percent increase. Toothpaste volume continues strong, with important gains seen in Crest and Pepsodent, and a roll-out for Clinomint adding volume to the category. Lesser gains were recorded by denture cleaners (+ 2.9 percent) and toothbrushes (+ 5.6 percent).

The four-week unit sales increase among proprietary remedies amounted to just 1.7 percent. Five individual categories here had declines: tranquilizers (–13.2 percent), cough remedies (–9.0 percent), chest rubs (–2.7 percent), nasal sprays/drops/inhalers (–1.6 percent) and antacids (–1.2 percent). The best rates of gain were made by eye care products (+ 30.2 percent), vitamins (+ 19.1 percent), internal analgesics (+ 10.0 percent), sleeping aids (+ 9.3 percent) and laxatives and stool softeners (+ 7.0 percent). It should be kept in mind that a year ago volume in the internal analgesics category had been depressed as a result of the Tylenol poisoning episodes. So far in the fall season, cold remedies have not experienced brisk sales, although cold tablets had a slight 1.5 percent gain during this reporting period.

Razor's edge

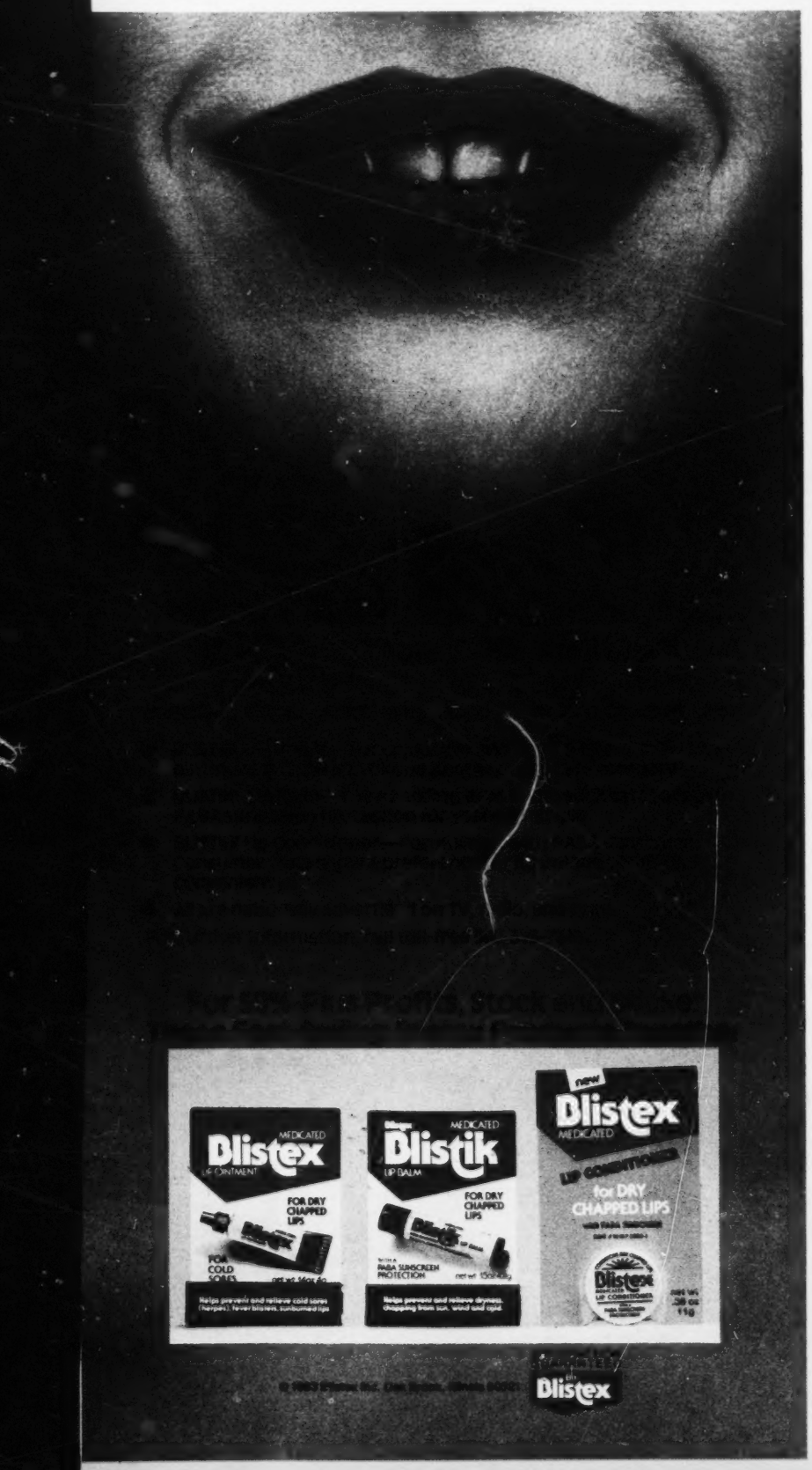
As a result of four-week sales weakness among razor blades, with an –8.6 percent decline, unit sales in the entire shaving needs product group receded 0.7 percent, despite a healthy 19.9 percent increase among shaving creams, which was helped in part by the introduction of Gillette Foamy Gel. Another category with unit volume

NonFoods BUSINESS

gains was after-shave lotions, which advanced 7.7 percent.

Finally, the highest rate of gain in the HBA department for this period was in skin care aids. Four-week unit sales of skin care aids were 1.4 million, or 13.3 percent ahead of 1982. The highest percentage gain was 35.3 percent for lip care products, while the highest increase in unit volume was 648,000 in the hand & body cream/lotions category. Cosmetic and medicated skin aids advanced 10.5 percent and facial preparations had a small loss of –1.8 percent. The 8.7 percent gain for suntain lotions/suntan oils does not translate to many sales dollars during the October reporting period.

Overall, HBA volume has been showing consistent growth as 1983 has progressed. Forward momentum, if nothing else, should bring the year to a bullish close. ■



HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE
UNIT TRENDS VS. YEAR AGO